**The Government’s Response to Big Business**

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| **Word Bank**  Progressivism Sherman Anti-Trust Act Interstate Commerce Act    *United States v. E.C. Knight* Monopolies Laissez-Faire Supreme Court  Weakened 1890 1887 Big Business |

Part I: Fill-in-the-blank

*Use the words above to fill in the blanks in the passage below.*

In the late 19th century, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ system adopted by the United States had led to the rise of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Many of the major companies, including Standard Oil, had formed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ over their industries. This meant that they owned and operated all of the companies within an industry and there was no longer competition. The government began to adopt a policy of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ when they realized that this system was no longer working and that big business was taking advantage of American laborers and consumers. In \_\_\_\_\_\_\_\_\_\_\_\_\_\_, they created the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, which was the first major regulation passed by government to limit a business’ power. This stated that railroad industries had to publicize their rates and had to ensure that fares were fair. In \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, the government created the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to make sure that businesses did not form monopolies over their industries. However, in subsequent years, one \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ case, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the impact of the Sherman Anti-Trust Act. They stated that even though a sugar company owned 98% of the industry, it was not a monopoly because manufacture was not the same as interstate commerce.

Part II: Scenario Analysis

*Read the case below. To the left, write what rule applies to the scenario (Sherman Anti-Trust Act or Interstate Commerce Act?) Finally, write whether or not the act was successful in limiting big business and why.*

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| **Scenario** | **Which act applies?** | **Was it successful in limiting big business?** |
| Standard Oil was owned by John D. Rockefeller. This 1911 case was a key historic decision resulting in the breakup of Standard Oil. The Supreme Court decided that Standard Oil’s actions illegally created a monopoly and resulted in restraint of trade---violations of the Sherman Antitrust Act. The company was broken into 33 smaller companies---restoring competition to the market. |  |  |
| Five years after its passage, the Supreme Court in effect dismantled the Sherman Antitrust Act in United States v. E. C. Knight Company (1895). The Court ruled that the American Sugar Refining Company, one of the other defendants in the case, had not violated the Act despite the fact that it controlled approximately 98 percent of all sugar refining in the U.S. The Court's explanation was that the company's control of manufacturing did not constitute control of trade. |  |  |

**Was the Sherman Anti-Trust Act successful?**

Directions: Using what you have learned in today’s lesson, and the worksheet on the other side of this page, write an **editorial** (a newspaper article expressing your opinion) on whether or not the Sherman Anti-Trust Act was successful. In order to receive full points for this editorial, you must:

* State your opinion clearly
* Back it up with evidence by explaining a court case in which the Act either was or was not successful in limiting big business
* Explain the effects of the case (If it was successful, what effect would this have on workers and consumers? If it wasn’t successful, what effect would this have on workers and consumers?)
* Use at least 7 sentences in your explanation

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**Teacher Comments/Feedback:**